

E-01787A-11-0186

ORIGINAL

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM



0000130667

Investigator: Sheila Stoeller

Phone: 602-542-4143

Fax:

Priority: Respond Within Five Days

Opinion No. 2011 - 100293

Date: 10/24/2011

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

Complaint By: First: Last:
Concerned NEC Customer

Account Name: Concerned NEC Customer

Home: (000) 000-0000

Street: n/a

Work: Arizona Corporation Commission

City: Pinetop-Lakeside

CBR: **DOCKETED**

State: AZ Zip: 85935

is:

OCT 24 2011

Utility Company: **Navopache Electric Cooperative, Inc.**

Division: Electric

Contact Name: Paul O'Dair

Contact Phone:

DOCKETED BY

mn

Nature of Complaint:

****ATTACHED TO LETTER IS COPY OF A 9/16/11 ARTICLE FROM THE "WHITE MTN INDEPENDENT"*****
(see file)

October 21, 2011

Arizona Corporation Commission
Consumer Services Section
1200 West Washington
Phoenix, AZ 85007

Re: Public Comment Docket No. E-01787A-11-0186 (Navopache Electric Cooperative)

Dear Sir/Madam,

I recently attended the Navopache Electric Cooperative (NEC) annual meeting on September 9, 2011 and would like to make the Commission aware of concerns as a result of the meeting that should be addressed in this docket.

I was absolutely shocked when I saw the public notice in the White Mountain Independent, just within days of the annual meeting, noticing that NEC had filed for a rate increase in April, 2011. NEC did not mention the rate increase application in any of the presentations to their customer/members at the annual meeting. Instead the main topic presented by President Baker was on the history of the NEC buildings and an attempt to justify building a new \$5 million administration building. He stated that it would not cost customers any more than the amount customers currently pay for the Renewable Energy Standard which is a subsidy. This was essentially the same presentation that was given last year at the annual meeting to justify the building of a new \$7 maintenance facility. At that time it was stated "what would you rather pay for the maintenance facility or the Renewable Energy Standard subsidy?"

The Renewable Energy Standard charge is irrelevant to justifying the building of the new maintenance facility or the new administrative building and is totally misleading to customers. They should have been discussing the

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proposed rate increase, the reasons for the increase and the impact on customers. No mention was made of any demand side management proceeding, any future programs that may be available to customers or low income assistance. Those meetings are a great opportunity for NEC to educate and assist their customers.

As the meeting progressed it was stated that a mere five minutes would be allocated to customer questions. There were a number of customers that had true concerns and questions and five minutes was inadequate. A few more minutes were allowed even though Mr. Curtis constantly tried to cut off the questions so that NEC could move on to the prizes. I for one did not get an opportunity to ask my questions. Enclosed is a copy of the White Mountain Independent article on the annual meeting and the reliability and other concerns that customers wanted addressed.

This is the 3rd year that I have attended the annual meeting and this years meeting was the first time that customers were even afforded the opportunity to ask questions.

The questions that I wanted to ask were:

- 1) With the present economy on the Mountain is this really the time to build? Are there any other options such as leasing?
- 2) Is the \$5million for the administration building a gross cost or a number net of gains and other costs that may decrease?
- 3) What are the offsetting costs if an administration building is constructed? Assuming the property on which the current building is located can be sold and any net gain will be passed on to customers consistent with Commission policy. Is there any reduction in lease costs such as for the property on which the maintenance facility was previously located?
- 4) Have you considered trying to sell any property prior to deciding to build and then lease back as needed during the construction to manage the cost impact on customers?
- 5) Has NEC taken any other cost savings measures to contain operating costs?

Overall the annual meetings are a formality and NEC gives out gifts! door prizes in order for NEC to get a quorum to attend. NEC management and general counsel are anxious to give as little information as needed and rush to get to the prizes so customers don't ask questions. NEC took more than an hour to draw numbers and give out 60 to 70 prizes. This may have worked in the past, but customers today want to ask questions and get meaningful answers and information rather than waiting around to get a useless gift.

I am sure that a lot of the customers do not fully understand that NEC is regulated by the Arizona Corporation Commission and that they have a place to voice their concerns and complaints. It may be useful to have NEC do an article in their monthly newsletter explaining that they are regulated by the Commission. What the Commission's role is and the appropriate people to contact at the Commission in the event of a complaint such as service. The monthly newsletter still devotes one entire page to recipes so there is plenty of room. Perhaps that page would be better utilized in the future to educate customers on energy efficiency, renewables, low income assistance, and pending proceedings before the Commission. An article on the rate case with an explanation of the main cost components driving the need for the rate increase would be appropriate since that was not done at the annual meeting. Most residential and small commercial customers do not have the resources or time to get the filing at the NEC offices or the time to read it. Customers deserve the information and education and NEC should take the initiative to do so.

I would encourage the Commission to attend the next annual meeting and assist NEC in addressing customer's questions and concerns. I hope that the above questions are addressed in the rate proceeding and that the Commission reviews the need for a new \$5 million administration building to serve just 38,000 customers to protect customers from even more rate increases in the future.

I personally am fortunate to have a good pension and can afford my utility bill. However, it is sad to see others that are less fortunate and it was truly disappointing to see how NEC interacts with their customers and the lack of information and education. Hopefully with the Commission's direction NEC will improve upon the information and education that is provided to their customers/members. NEC may be just a co-op, but it is clear that they do not always have their customers' (members') best interests at heart.

I appreciate the opportunity to submit these comments and hope that they will add to the discussions in this proceeding and that the Commission will discuss the annual meeting and these comments with Mr. Baker

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during the formal rate hearing.

Respectfully submitted,
A Concerned NEC Customer in Pinetop/Lakeside, Arizona

Cc: Chairman Gary Pierce
Commissioner Sandra Kennedy
Commissioner Paul Newman
Commissioner Bob Stump
Commissioner Brenda Burns
Mr. Bradley Baker
End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

10/24--opinion entered into database and will be docketed in 11-0186
End of Comments

****CLOSED****

Date Completed: 10/24/2011

Opinion No. 2011 - 100293
